

# **CITY OF MONROE SCHOOL BOARD MONROE, LOUISIANA**

**Financial Report  
For the Year Ended June 30, 1996**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date JAN 08 1997

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 1996**

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MONROE, LOUISIANA**

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**INDEPENDENT AUDITORS' REPORT**

**City of Monroe School Board  
Monroe, Louisiana**

We have audited the accompanying general purpose financial statements of the **City of Monroe School Board** (the School Board) as of and for the year ended *June 30, 1996*, as listed in the accompanying Table of Contents. These general purpose financial statements are the responsibility of the School Board's management. Our responsibility is to express an *opinion on these general purpose financial statements based on our audit*.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the School Board at June 30, 1996, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 1996 on our consideration of the School Board's internal control structure and a report dated December 6, 1996 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the School Board. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

**Monroe City School Board**  
**Page 2**

**The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an opinion on the general purpose financial statements of the School Board, which opinion was qualified as to the General Fixed Assets Account Group because of the effect of the failure to properly record general fixed assets.**

*Rafferty, Hoffman & Korman*

**Monroe, Louisiana**  
**December 6, 1996**

**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**COMBINED STATEMENTS - OVERVIEW**

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1996**

	<b>Governmental Fund Types</b>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,187,353	\$ 2,351,812	\$ 2,782,809	\$ 11,070,848
Investments	250,000	0	0	21,799,432
Accounts Receivable	957,573	762,548	27,527	0
Due From Other Governments:				
Due From Federal Sources	0	1,205,089	0	0
Due From State Sources	0	107,981	0	0
Due From Local Sources	0	0	0	0
Due From Other Funds	2,287,974	1,895,974	45,484	1,100,000
Inventory and Prepaid Expenses	0	73,307	0	0
Deferred Compensation Plan Assets	0	0	0	0
General Fixed Assets	0	0	0	0
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for the Retirement of General Long-Term Debt	0	0	0	0
<b>TOTAL ASSETS</b>	<b>\$ 4,682,900</b>	<b>\$ 6,396,711</b>	<b>\$ 2,855,820</b>	<b>\$ 33,970,280</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Bank Overdraft	\$ 0	\$ 0	\$ 0	\$ 0
Accounts Payable	1,118,469	143,870	0	2,070,021
Salaries and Wages Payable	3,728,110	2,124,751	0	9,886
Due to Other Funds	1,598,144	3,405,779	0	325,509
Due to Grantors	0	15,431	0	0
Capital Lease Obligations	0	0	0	0
Amounts Held for Other Organizations	0	0	0	0
Deferred Revenues	0	0	0	0
Deferred Compensation Liability	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Obligation for Compensated Absences	0	0	0	0
Total Liabilities	6,444,723	5,689,831	0	2,405,416
<b>Fund Equity</b>				
Investment in General Fixed Assets	0		0	0
Fund Balance (Deficit):				
Reserved for Inventory and Prepaid Expenses	0		0	0
Reserved for Capital Improvements	0		0	31,564,864
Reserved for Debt Service	0		2,855,820	0
Reserved for Salaries and Wages	0		0	0
Unreserved/Undesignated	(1,761,823)	706,880	0	0
Total Fund Balance (Deficit)	(1,761,823)	706,880	2,855,820	31,564,864
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 4,682,900</b>	<b>\$ 6,396,711</b>	<b>\$ 2,855,820</b>	<b>\$ 33,970,280</b>

The accompanying notes are an integral part of this financial statement.

Fiduciary Fund Type	Account Groups		Total	
	General	General	(Memorandum Only)	
	Fixed Assets	Long-Term Debt	June 30, 1996	June 30, 1995
\$ 244,095	\$	\$	\$ 17,636,917	\$ 4,258,416
			22,049,432	53,199,089
			1,747,648	292,964
			1,205,089	1,257,203
			107,981	896,892
			0	1,826,182
			5,329,432	3,724,300
			73,307	95,960
47,114			47,114	0
	52,970,278		52,970,278	30,379,481
		2,782,809	2,782,809	0
		<u>56,720,557</u>	<u>56,720,557</u>	<u>59,936,683</u>
<u>\$ 291,209</u>	<u>\$ 52,970,278</u>	<u>\$ 59,503,366</u>	<u>\$ 160,670,564</u>	<u>\$ 155,867,170</u>
\$	\$	\$	\$ 0	\$ 112,552
			3,332,360	4,634,217
			5,862,747	6,919,151
			5,329,432	3,724,300
			15,431	0
		117,808	117,808	171,569
244,095			244,095	269,780
			0	2,000
47,114			47,114	0
		57,920,000	57,920,000	58,800,000
		1,465,558	1,465,558	965,114
<u>291,209</u>	<u>0</u>	<u>59,503,366</u>	<u>74,334,545</u>	<u>75,598,683</u>
0	52,970,278	0	52,970,278	30,379,481
0		0	0	95,960
0		0	31,564,864	47,638,631
0		0	2,855,820	2,210,797
0		0	0	640,408
0		0	(1,054,943)	(696,790)
<u>0</u>	<u>52,970,278</u>	<u>0</u>	<u>86,336,019</u>	<u>80,268,487</u>
<u>\$ 291,209</u>	<u>\$ 52,970,278</u>	<u>\$ 59,503,366</u>	<u>\$ 160,670,564</u>	<u>\$ 155,867,170</u>

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1996  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1995**

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)	
					June 30, 1996	June 30, 1995
<b>Revenues</b>						
<b>Local Sources:</b>						
<b>Taxes:</b>						
Ad Valorem	\$ 6,140,987	\$ 0	\$ 5,180,347	\$ 0	\$ 11,321,334	\$ 8,926,215
Sales and Use Taxes	0	8,387,638	0	0	8,387,638	7,428,884
Earnings on Investments	32,064	127,444	78,169	2,350,896	2,588,573	2,195,676
Other	108,382	367,983	0	0	476,365	385,323
<b>State Sources:</b>						
Unrestricted Grant-in-Aid	21,983,095	0	0	0	21,983,095	21,529,232
Restricted Grant-in-Aid	33,161	311,974	0	0	345,135	1,674,700
State Contributions to Retirement Systems	74,764	0	0	0	74,764	84,448
<b>Federal Sources:</b>						
<b>Restricted Grants-In-Aid:</b>						
Direct	152,749	0	0	0	152,749	35,040
Subgrants	0	7,997,408	0	0	7,997,408	7,871,706
<b>Total Revenues</b>	<u>28,525,202</u>	<u>17,192,447</u>	<u>5,258,516</u>	<u>2,350,896</u>	<u>53,327,061</u>	<u>50,131,224</u>
<b>Expenditures</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular Programs	11,020,476	5,090,861	0	1,009,681	17,121,018	17,752,198
Special Programs	3,768,667	5,635,651	0	0	9,404,318	9,107,201
<b>Support Services:</b>						
Student Services	1,162,186	4,662,136	0	0	5,824,322	5,633,218
Instructional Staff	449,395	866,076	0	0	1,315,471	1,541,156
General Administration	6,037,817	97,204	0	0	6,135,021	6,208,637
School Administration	1,502,167	421,376	0	0	1,923,543	1,932,667
Business Services	336,477	31,736	0	50,483	418,696	335,309
Plant Services	3,245,734	351,196	0	0	3,596,930	3,497,266
Transportation	1,527,459	161,656	0	0	1,689,115	1,640,265
Other Support	221,436	259,501	880,000	0	1,360,937	374,361
<b>Capital Outlay</b>	0	0	0	0	0	10,425,607
<b>Interest and Fiscal Charges</b>	0	0	3,733,493	17,364,500	21,097,993	1,443,256
<b>Total Expenditures</b>	<u>29,271,814</u>	<u>17,577,393</u>	<u>4,613,493</u>	<u>18,424,664</u>	<u>69,887,364</u>	<u>59,891,141</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(746,612)	(384,946)	645,023	(16,073,768)	(16,560,303)	(9,759,917)
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In	0	455,598	0	0	455,598	422,754
Operating Transfers (Out)	(242,063)	(213,535)	0	0	(455,598)	(422,754)
Bond Proceeds	0	0	0	0	0	58,800,000
Other	96,196	0	0	0	96,196	40,146
<b>Total Other Financing Sources (Uses)</b>	<u>(145,867)</u>	<u>242,063</u>	<u>0</u>	<u>0</u>	<u>96,196</u>	<u>58,840,146</u>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)</b>	(892,479)	(142,883)	645,023	(16,073,768)	(16,464,107)	49,080,229
<b>Fund Balance (Deficit) at Beginning of Year, As Previously Reported</b>	(876,171)	911,539	2,210,797	47,638,632	49,889,006	808,777
<b>Adjustment for Correction of an Error (Note 14)</b>	6,827	(61,776)	0	0	(54,949)	0
<b>Fund Balance (Deficit) at Beginning of Year, As Adjusted</b>	(869,344)	849,763	2,210,797	47,638,632	49,834,057	808,777
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<u>\$ (1,761,823)</u>	<u>\$ 706,880</u>	<u>\$ 2,855,820</u>	<u>\$ 31,564,864</u>	<u>\$ 33,365,741</u>	<u>\$ 49,889,006</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND, CAPITAL PROJECTS FUND AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1996**

	General Fund		Variance - Favorable (Unfavorable)
	Actual	Budget	
<b>Revenues</b>			
<b>Local Sources:</b>			
Ad Valorem Taxes	\$ 6,140,987	\$ 6,247,000	\$ (106,013)
Sales & Use Taxes	0	0	0
Earnings on Investments	32,064	45,000	(12,936)
Other	108,382	91,100	17,282
<b>State Sources:</b>			
Unrestricted Grants-in-Aid	21,983,095	21,983,095	0
Restricted Grants-in-Aid	107,925	112,700	(4,775)
<b>Federal Sources:</b>			
<b>Restricted Grants-in-Aid:</b>			
Direct	152,749	148,000	4,749
Subgrants	0	0	0
<b>Total Revenues</b>	28,525,202	28,626,895	(101,693)
<b>Expenditures</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular Programs	11,020,476	10,764,803	(255,673)
Special Programs	3,768,667	3,872,587	103,920
<b>Support Services:</b>			
Student Services	1,162,186	1,183,606	21,420
Instructional Staff	449,395	413,598	(35,797)
General Administration	6,037,817	6,079,297	41,480
School Administration	1,502,167	1,484,759	(17,408)
Business Services	336,477	376,400	39,923
Plant Services	3,245,734	3,189,800	(55,934)
Transportation	1,527,459	1,387,339	(140,120)
Other Support	221,436	172,200	(49,236)
Capital Outlay	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	29,271,814	28,924,389	(347,425)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(746,612)	(297,494)	(449,118)
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	0	0	0
Operating Transfers (Out)	(242,063)	(243,762)	1,699
Indirect Cost	96,196	105,000	(8,804)
Other	0	2,800	(2,800)
<b>Total Other Financing Sources (Uses)</b>	(145,867)	(135,962)	(9,905)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(892,479)	(433,456)	(459,023)
<b>Fund Balance (Deficit) at Beginning of Year, as Previously Reported</b>	(876,171)	(876,171)	
<b>Adjustment for the Correction of an Error (Note 14)</b>	6,827	0	6,827
<b>Fund Balance (Deficit) at Beginning of Year, as Adjusted</b>	(869,344)	(876,171)	6,827
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	\$ (1,761,823)	\$ (1,309,627)	\$ (452,196)

The accompanying notes are an integral part of this financial statement

Capital Projects Fund

<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 2,350,896	\$ 2,350,000	\$ 896
<hr/> 2,350,896	<hr/> 2,350,000	<hr/> 896
1,009,681	1,000,000	(9,681)
		0
17,414,983	15,611,000	(1,803,983)
<hr/> 18,424,664	<hr/> 16,611,000	<hr/> (1,813,664)
(16,073,768)	(14,261,000)	(1,812,768)
<hr/> 0	<hr/> 0	<hr/> 0
(16,073,768)	(14,261,000)	(1,812,768)
47,638,632	47,638,632	
<hr/> 0	<hr/> 0	
47,638,632	47,638,632	0
\$ <u>31,564,864</u>	\$ <u>33,377,632</u>	\$ <u>(1,812,768)</u>

(Continued)

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND, CAPITAL PROJECTS FUND AND SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 1996**

Revenues	Special Revenue Funds		
	Actual	Budget	Variance - Favorable (Unfavorable)
<b>Local Sources:</b>			
Sales & Use Taxes	\$ 8,387,638	\$ 8,422,600	\$ (34,962)
Earnings on Investments	127,444	101,000	26,444
Other	367,983	366,969	1,014
<b>State Sources:</b>			
Unrestricted Grants-in-Aid	0	0	0
Restricted Grants-in-Aid	311,974	314,874	(2,900)
<b>Federal Sources:</b>			
Restricted Grants-in-Aid:			
Direct	0	0	0
Subgrants	7,997,408	8,588,697	(591,289)
<b>Total Revenues</b>	<u>17,192,447</u>	<u>17,794,140</u>	<u>(601,693)</u>
<b>Expenditures</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular Programs	5,090,861	5,200,828	109,967
Special Programs	5,635,651	6,903,420	1,267,769
<b>Support Services:</b>			
Student Services	4,662,136	4,578,726	(83,410)
Instructional Staff	866,076	208,840	(657,236)
General Administration	97,204	107,928	10,724
School Administration	421,376	285,000	(136,376)
Business Services	31,736	26,000	(5,736)
Plant Services	351,196	203,250	(147,946)
Transporation	161,656	107,450	(54,206)
Other Support	259,501	132,300	(127,201)
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<u>17,577,393</u>	<u>17,753,742</u>	<u>176,349</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(384,946)	40,398	(425,344)
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	455,598	457,902	(2,304)
Operating Transfers (Out)	(213,535)	(185,000)	(28,535)
<b>Total Other Financing Sources (Uses)</b>	<u>242,063</u>	<u>272,902</u>	<u>30,839</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(142,883)	313,300	(456,183)
<b>Fund Balance at Beginning of Year, As Previously Reported</b>	911,539	911,539	0
<b>Adjustment for the Correction of an Error (Note 14)</b>	<u>(61,776)</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at Beginning of Year, as Adjusted</b>	849,763	911,539	
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 706,880</u>	<u>\$ 1,224,839</u>	<u>\$ (517,959)</u>

The accompanying notes are an integral part of this financial statement

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 1 - Summary of Significant Accounting Policies**

**ORGANIZATION**

The City of Monroe School Board (the School Board) is governed by a seven-member board, each of whom is elected from a single member district. It operates under the authority of the City of Monroe Charter of 1900, as amended by the Mayor-Council Home Rule Charter for the City of Monroe, adopted in August 1979. The School board is authorized to establish and operate public schools within the City of Monroe.

The school system is composed of a central office, 20 schools and 2 support facilities. The school system serves approximately 11,000 students. The School Board employs approximately 1,400 persons of which over 970 are directly involved in the instructional process. The remainder provide ancillary support such as general administration, repair and maintenance, bus transportation and food service. The regular school term normally begins during the latter half of August and runs until the end of May.

**REPORTING ENTITY**

*The School Board is the basic level of government which has oversight responsibility and control over all activities related to public school education in the city of Monroe. The School Board receives funding from Federal, state and local sources and must comply with the requirements of those funding source entities. However, the School Board is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14 "The Reporting Entity", since the members of the School Board are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.*

**A. Fund Accounting**

The accounts of the School Board are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and

**CITY OF MONROE SCHOOL BOARD  
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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**A. Fund Accounting (Continued)**

liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds and account groups used in this report as compared to School Board terminology are as follows:

<u>This Report</u>	<u>School Board Terminology</u>
General Fund	General Fund Payroll Fund Insurance Funds
Special Revenue Funds	Title I Grant Programs Title VI Grant Programs Special Education Grant Programs Vocational and Adult Education Funds School Food Service Funds Sales Tax Funds State Grant Funds Drug Free Funds Other Special Revenue Funds
Capital Projects Fund	Construction Fund
Debt Service Fund	Bond Redemption Fund
Fiduciary Fund Type - Agency	School Activity Funds Deferred Compensation Plan Funds
General Fixed Assets Account Group	Real Estate, Furniture, Fixtures and Equipment Accounts
General Long-Term Debt Account Group	Accumulated Compensated Absences, Bonds and Capital Lease Obligations

Governmental resources are allocated to and accounted for in the individual funds based upon the purpose for which they are to be spent and the means

**CITY OF MONROE SCHOOL BOARD  
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FOR THE YEAR ENDED JUNE 30, 1996**

Note 1 - Summary of Significant Accounting Policies (Continued)

A. Fund Accounting (Continued)

by which spending activities are controlled. The funds are grouped into the following generic fund types:

**GOVERNMENTAL FUNDS**

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

The School Board uses the following governmental fund types:

General Fund - The General Fund is the general operating fund of the School Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific expenditure purposes, as follows:

Title I of the Elementary and Secondary Education Act (ESEA) is a Federally-financed program for educationally deprived school children residing in areas having high concentrations of children from low-income families. The Title I services are provided through various projects which are designed to meet the special needs of educationally deprived children. The activities supplement rather than replace state and locally mandated activities.

Title VI of ESEA is a Federal program which provides funds to the School Board for equipment, books, supplies and other approved grant items.

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

Note 1 - Summary of Significant Accounting Policies (Continued)

A. Fund Accounting (Continued)

Title II (Eisenhower Professional Development) of ESEA is a Federal program which provides funds for math and science related programs.

Special Education Programs include Federally financed programs established under various public laws to provide free appropriate education for all identified handicapped children from preschool to 21 years of age in the least restrictive environment.

Vocational and Adult Education Funds are used to more fully develop the academic and occupational skills of students to enhance their ability to compete in a technologically advancing workplace.

School Food Services is used to account for the activities of school food services, breakfast and lunchroom revenues and expenditures incurred in providing services to pupils.

The Sales Tax Funds account for the collection and distribution of the sales tax levies for the School Board. All of the sales taxes collected under the pre-1994 tax is dedicated to supplement other revenues available to the School Board for the payment of salaries of teachers and other School Board personnel. Of the tax passed by the voters in 1994, seventy percent of the tax collected is dedicated for similar purposes.

State Grant Funds are used to account for the proceeds of specific state grants supporting the Multisensory Arts Program, Textbooks, Opportunity Learning Academy, Model Early Childhood, Gifted/Talented and other specific programs.

Drug Free Schools Funds are used for raising the drug abuse awareness of students and to provide an atmosphere for a drug-free learning environment.

The Other Special Revenue Funds account for various grants provided to the School Board by government, corporate and other grantors.

Debt Service Fund - The Debt Service Fund is used to accumulate resources used for the payment of long-term indebtedness principal, interest and related fiscal charges.

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**A. Fund Accounting (Continued)**

**Capital Projects Fund - This fund is used to account for resources accumulated and expended for the acquisition or construction of general fixed assets.**

**FIDUCIARY FUNDS**

**Agency Funds - These funds are used to account for assets held by the School Board in a trustee capacity or as an agent for individuals, private organizations or other governmental units and/or other funds. The School Activity Fund accounts for all individual school activity funds. While these funds are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.**

**ACCOUNT GROUPS**

**Account groups are not "funds". Rather, they are concerned only with the measurement of financial position related to noncurrent assets (general fixed assets) and noncurrent liabilities (general long-term debt). They are not involved with measurement of results of operations. The School Board uses the following account groups:**

**General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School Board except those reported in the City of Monroe, Louisiana, financial statements.**

**General Long-Term Debt Account Group - This account group is established to account for all long-term obligations of the School Board, including compensated absences and bond and lease obligations.**

**B. Total Columns on Combined Statements-Overview**

**Total columns on the Combined Statements-Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis and do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.**

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Basis of Accounting**

**Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.**

**All governmental and agency funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.**

**D. Budgets**

**Annual non-appropriated budgets are adopted by the School Board on the General Fund, all Special Revenue Funds, the Capital Projects Fund and the Debt Service Fund. Budgets are prepared on the modified accrual basis of accounting. Budget amounts included in the accompanying general-purpose financial statements include the original adopted budget plus all amendments. The School Board follows these procedures in establishing the budgetary data reflected in these financial statements:**

- 1. The Superintendent submits to the School Board a proposed consolidating General Fund operating budget for the succeeding year.**
- 2. This proposed consolidating budget is adopted by the School Board in August or September, with the final amended budget being adopted in June.**
- 3. A public hearing is scheduled by the School Board after allowing for at least ten days notice to the public at the time the proposed budget is initially submitted to the Board.**
- 4. Any revision requiring alteration of levels of expenditures or transfers between funds must be approved by the School Board.**
- 5. Operating appropriations, to the extent not expended, lapse at year end.**

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

Note 1 - Summary of Significant Accounting Policies (Continued)

**E. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds.

**F. Investments**

*Investments, consisting primarily of certificates of deposit, are stated at cost.*

**G. Inventories**

Inventory of the School Food Service Fund consists of food and supplies. The inventories are recorded as an expenditure as they are consumed. Inventory is valued at cost on the first-in, first-out (FIFO) method. Commodities provided to the School Board by the United States Department of Agriculture (USDA) through the state Department of Education are reflected as revenue when received and as an expenditure when consumed. Commodities are valued at amounts assigned by the USDA.

**H. Interfund Loans**

The current portions (due within one year) of interfund loans are reported as "Due From" in the asset accounts and are considered available spendable resources.

**I. General Fixed Assets and Long-Term Liabilities**

General Fixed Assets - General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Assets Account Group (GFAAG). Donated assets are recorded at fair market value on the date of the donation. Where historical cost and other relevant data are unavailable, various equipment and structures on school premises have been stated at estimated historical cost as determined by applying construction cost indexes to estimated replacement cost as permitted by National Council on Governmental Accounting Statement 1, Paragraph 47.

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**I. General Fixed Assets and Long-Term Liabilities (Continued)**

General fixed asset values determined by use of estimates is 29.8%. No depreciation has been provided on general fixed assets.

Long-Term Debt - Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from available spendable resources is reported as a fund liability of a governmental fund. The remaining portion is reported in the General Long-Term Debt Account Group (GLTDAG). The School Board reports accumulated sick leave, outstanding bond indebtedness and long-term debt applicable to capital lease obligations in the GLTDAG.

**J. Fund Reserves**

Fund reserves are portions of fund equity that are legally restricted for future use and are therefore not available for current operations. The fund balance reserved for inventories represents the cost of inventories on hand and is, therefore, not available for expenditures. The reserves for encumbrances represent commitments which will be honored during the subsequent year.

**K. Compensated Absences**

All employees receive ten sick days each year, with the unused portion being accumulated and carried forward. Upon retirement, employees with twenty years of service or more are paid for up to 25 days of accumulated sick leave. Only employees who work 12 calendar months per year earn vacation days. Although current School Board policy allows for the unlimited accumulation of vacation days, the School Board's practice allows for a maximum payment of up to 45 days upon separation. Effective July 1, 1994 the School Board revised its policy to allow for a maximum accumulation and payment of no more than 30 days with persons credited with days in excess of 30 as of the effective date being grandfathered in at their current accumulation up to 45 days.

**L. Sales and Use Taxes**

The voters of Ouachita Parish authorized the City of Monroe School Board

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**L. Sales and Use Taxes (Continued)**

and the Ouachita Parish School Board to jointly levy and collect a 1/2 of 1% sales and use tax. The net proceeds of the tax are to be allocated and prorated between the two school boards annually on the basis of average daily membership for the preceding school year. Eighty-eight percent of the sales and use tax revenues received by the School Board is to be used for the payment of the salaries for teachers, as defined by the Louisiana State Department of Education and the remaining twelve percent is to be used for the payment of salaries to designated personnel other than teachers.

In March, 1994, the voters of the City of Monroe approved the levy of a 1/2 of 1% sales and use tax effective July 1, 1994. The net proceeds of the tax are to supplement salaries and benefits of certified teachers and other personnel and to provide additional funds for instructional activities.

**M. Comparative Total Data**

Comparative total data for the prior year have been presented in the accompanying general-purpose financial statements in order to provide an understanding of changes in the School Board's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Various reclassifications have been made to the prior year financial statements to make them comparable to current year presentation.

**Note 2 - Excess of Expenditures Over Appropriations and Deficit Fund Balance**

Actual expenditures and other financing uses did not exceed budgeted expenditures and other financing uses on any fund with an adopted budget by more than 5%.

A deficit unreserved/undesignated fund balance of approximately \$1,800,000 exists in the General Fund, and the School Food Services Special Revenue Fund has a deficit of approximately \$182,000. It is expected that these deficits will be cleared by future revenues and operational changes within the school system (see Note 15).

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 3 - Cash and Certificates of Deposit**

The School Board's cash and certificates of deposits consist of deposits with financial institutions. The certificates of deposit have varying maturities. The School Board's investment policy is governed by state statutes. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions.

The following is a schedule of the School Board's cash and certificates of deposit at June 30, 1996. Differences between School Board and bank balances arise because of the net effect of deposits in transit and outstanding checks.

	<u>School Board Balance</u>	<u>Bank Balance</u>
Cash on Deposit	\$ 1,722,691	\$ 1,298,757
Certificates Equivalent		
Certificates of Deposit	15,914,226	15,914,226
Certificates of Deposit	<u>22,049,432</u>	<u>22,049,432</u>
<b><u>TOTAL</u></b>	<b><u>\$ 39,686,349</u></b>	<b><u>\$39,262,415</u></b>

The School Board's investments and deposits at June 30, 1996 are categorized below to give an indication of the level of risk assumed by the School Board at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School Board or its safekeeping agent in the School Board's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or safekeeping agent in the School Board's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution, or by its trust department or safekeeping agent but not in the School Board's name.

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 3 - Cash and Certificates of Deposit (Continued)**

	Risk Category	
	1	2
Insured Deposits	\$ 462,711	\$ -
Uninsured Deposits:		
Collateralized	16,151,644	22,648,060
<b>Total Deposits</b>	<b>\$16,614,355</b>	<b>\$22,648,060</b>

Investments of the School Board as of June 30, 1996 consisted entirely of certificates of deposit with a carrying and market value of \$22,174,276 and were held by the School Board's agent in the School Board's name (Risk Category 1). Investments owned by the School Board during the year but not owned as of June 30, 1996 consisted of marketable debt securities of an agency of the United States government.

**Note 4 - Ad Valorem Taxes**

The City of Monroe bills and collects property taxes for the School Board using the assessed values determined by the tax assessor of Ouachita Parish. For the year ended June 30, 1996, taxes of 51.37 mills were levied on property with assessed valuations totaling \$254,374,053 and were dedicated as follows:

School Operation, Maintenance, Aid and Support	26.87 mills
Series 1994 Bonds Debt Service	14.00 mills
Series 1995 Bonds Debt Service	10.50 mills
	<b>51.37 mills</b>

The School Board's portion of the total taxes originally levied was \$11,321,335, of which \$9,602,411 was assessed on property owners and \$1,718,924 was assessed under Homestead Exemption. The School Board collected \$10,840,745 through June 30, 1996 of which approximately \$18,400 was for prior year levies. Approximately 78% of the homestead exemption is not appropriated by the state of Louisiana and therefore is not collected.

**Property Tax Calendar**

Assessment Date	December 31, 1995
Levy Date	November 30, 1995
Tax Bills Mailed	December 14, 1995
Total Taxes Are Due	December 31, 1995
Penalties and Interest Are Added	February 1, 1996

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 4 - Ad Valorem Taxes (Continued)**

<b>Lien Date</b>	<b>June 5, 1996</b>
<b>Tax Sale - 1995 Delinquent Property</b>	<b>June 12, 1996</b>

Assessed values are established by the Ouachita Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value.

10% Land	15% Machinery
10% Residential Improvements	15% Commercial Improvements
15% Industrial Improvements	25% Public Service Properties, Excluding Land

**Note 5 - General Fixed Assets**

A summary of changes in general fixed assets for the year ended June 30, 1996, follows:

	Balance June 30, 1995	Additions	Transfers	Balance June 30, 1996
<b>Land</b>	\$ 1,011,044	\$ 99,765	\$ 0	\$ 1,110,809
<b>Buildings</b>	12,079,257	900,000	0	12,979,257
<b>Improvements Other Than Buildings</b>	6,510,070	4,837,131	4,329,560	15,676,761
<b>Equipment &amp; Furniture</b>	4,823,226	1,499,740	0	6,322,966
<b>Construction In Progress</b>	5,955,884	15,254,161	(4,329,560)	16,880,485
<b><u>TOTAL</u></b>	<b>\$ 30,379,481</b>	<b>\$22,590,797</b>	<b>\$ 0</b>	<b>\$52,970,278</b>

The beginning balances in General Fixed Assets have been restated to properly reflect the amounts determined as the result of the School Board's assimilation of a detail fixed asset listing during fiscal year 1995-96. The net effect of the restatement is to increase Investment in General Fixed Assets by \$8,068,243, primarily related to Land, Buildings and Improvements other than buildings not previously recorded in prior fiscal years.

**Note 6 - Significant Concentrations of Credit Risk**

Amounts due from governmental agencies represent substantially all of receivables from outside sources. The School Board derives a majority of its revenue from grants by governmental agencies and is, therefore, economically dependent upon these grants.

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 7 - Pension and Retirement Plans**

***State-sponsored Plans:***

Substantially all employees of the School Board are members of two statewide retirement systems which are multiple-employer, cost-sharing public employee retirement systems. In general, professional employees such as teachers, principals and lunchroom workers are members of the Louisiana Teachers' Retirement System (TRS); other employees, such as custodial personnel and bus operators, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

Under the TRS Regular Plan, there are two retirement formulae: the 2% formula and the 2.5% formula. Participants may retire under the 2% formula at age 60 with at least 10 years of service credit or at any age with 20 years of service credit. Under the 2.5% formula, participants may retire at age 65 with 20 years of service credit; at age 55 with 25 years of service credit; or at any age with 30 years of service credit. The retirement benefit formula is based on the average salary of the 36 highest consecutive months times the applicable retirement percentage formula.

Under the TRS-Plan A, normal retirement is generally at any age with 30 or more years credited service, and at the age of 55 with at least 25 years of credited service and at age 60 with at least 10 years of credited service. The retirement benefit formula is generally 3% times the average salary of the 36 highest successive months.

***Funding Policy:*** As provided by statute, the School Board's employer contributions to the TRS are funded by the State of Louisiana through expenditures by the School Board of state Minimum Foundation Program (MFP) funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the systems's prior fiscal year. The School Board's contributions to the TRS plans for the years ended June 30, 1994, 1995 and 1996 were \$3,827,177; \$4,283,368; and \$4,312,011, respectively, equal to the statutorily required contributions in each year.

The TRS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Teachers' Retirement System,

**CITY OF MONROE SCHOOL BOARD  
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NOTES TO FINANCIAL STATEMENTS  
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Note 7 - Pension and Retirement Plans (Continued)

P.O. Box 94123, Baton Rouge, Louisiana 70804-9123 or by calling (504) 925-6446.

Employees participating in the LSERS are eligible for normal retirement after 30 years of service at any age, 25 years of service at age 55, or 10 years of service at age 60. The maximum retirement allowance is computed at 2.5% times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

*Funding Policy:* As provided by statute, the School Board's employer contributions to the LSERS are funded by the State of Louisiana through expenditures by the School Board of state Minimum Foundation Program (MFP) funds. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the systems's prior fiscal year. The School Board's contributions to the LSERS plans for the years ended June 30, 1994, 1995 and 1996 were \$118,743; \$136,399; and \$150,266, respectively, equal to the statutorily required contributions in each year.

The LSERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Louisiana School Employees' Retirement System, P.O. Box 44516, Capitol Station, Baton Rouge, Louisiana 70804 or by calling (504) 925-6484.

*School Board-Sponsored Plan*

During fiscal 1996, the School Board adopted for its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all School Board employees, permits them to defer a portion of their salaries until future years. The School Board does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement or unforeseen emergency. The deferred compensation is available to employee's beneficiaries in case of death.

The deferred compensation plan is administered by an unrelated third party. Under the terms of a plan established in accordance with Internal Revenue Code Section 457, all compensation deferred under the plan, all property and rights acquired with those amounts and all income attributable to those amounts and rights are (until paid or made available to the employee or other beneficiary)

**CITY OF MONROE SCHOOL BOARD  
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**Note 7 - Pension and Retirement Plans (Continued)**

***School Board-Sponsored Plan (Continued)***

solely the property and rights of the School Board (without being restricted to the provision of benefits under the plan), subject only to the claims of the School Board's general creditors. Each participant's rights under the plan are equal to those of the general creditors of the School Board in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of management of the School Board that the School Board has no liability for investment losses under the plan. However, the School Board does have the duty of due care that would be required of a normal prudent investor. The School Board believes it is unlikely that it will use the assets of the plan to satisfy claims of general creditors in the future. The assets and liabilities are reported among the Fiduciary Fund Types as an Agency Fund; as the School Board has title to these assets, it is appropriate to include them in the financial statements of the School Board.

**Note 8 - Other Employee and Postemployment Benefits**

The School Board offers a cafeteria plan fringe benefit program under the Internal Revenue Code Section 125 for all employees who elect to participate. The Plan covers the employees' 50% share of the cost of group health coverage.

Group health and life insurance is provided to participating employees and retirees through the State Employee Group Benefits Program. In fiscal 1996, the School Board paid \$1,627,515 in connection with providing these benefits, including \$597,632 attributable to 331 retirees.

**Note 9 - General Long-Term Debt**

The following is a summary of changes in Long-Term Debt for the year ended June 30, 1996:

	Balance June 30, <u>1995</u>		<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>1996</u>
Bonds - 1994	\$32,000,000	\$	0	\$( 880,000)	\$31,120,000
Bonds - 1995	26,800,000		0	0	26,800,000
Compensated Absence	965,114		538,456	0	1,465,558
Capital Leases	<u>171,569</u>		<u>0</u>	<u>( 53,761)</u>	<u>117,808</u>
<b><u>TOTAL</u></b>	<b><u>\$59,936,683</u></b>	<b>\$</b>	<b><u>538,456</u></b>	<b><u>( 933,761)</u></b>	<b><u>\$59,503,366</u></b>

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 9 - General Long-Term Debt (Continued)**

Debt service requirements to maturity on all School Board General Obligation Bonds outstanding at June 30, 1996, including interest of \$39,012,507 at rates ranging from 5.35% to 9%, is as follows:

<u>Year Ending June 30,</u>	<u>Total Principal &amp; Interest Due</u>
1997	\$ 5,307,387
1998	5,278,438
1999	5,233,687
2000	5,203,938
2001	25,570,475
2002 - 2006	26,062,992
2007 - 2011	<u>24,275,590</u>
<b>TOTAL</b>	<b><u>\$ 96,932,507</u></b>

**Note 10 - Lease Commitments and Rental Expense**

**Operating Leases**

The School Board leases various items of equipment and facilities under lease agreements which are subject to annual reappropriation clauses. Generally, as equipment leases expire, they are replaced with other leases.

**Capital Leases**

The School Board entered into a five-year capital lease agreement dated November 1, 1992 with a bank for the lease-purchase of eight school buses. The first principal payment of \$64,463 was made at delivery. Lease payments are due on November 1 of each year.

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 10 - Lease Commitments and Rental Expense (Continued)**

The annual requirements to amortize capital leases is as follows:

<u>Fiscal</u>	<u>Capital Lease</u>
1997	\$ 64,483
1998	<u>64,483</u>
<b>TOTAL</b>	<b>128,966</b>
<b>Less: Amounts Representing Interest</b>	<b>( <u>11,158</u> )</b>
<b>Present Value of Future Minimum Lease Payments</b>	<b><u>\$ 117,808</u></b>

**Note 11 - Interfund Receivables and Payables**

Individual balances due to/from other funds at June 30, 1996, are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<b>Governmental Funds:</b>		
General Fund	\$2,287,974	\$1,598,144
Capital Projects Fund	1,100,000	325,509
Bond Redemption	45,484	
<b>Special Revenue Funds:</b>		
ESEA Title I	804,899	815,345
ESEA Title II	8,959	60,076
Title II	5,464	37,626
Special Education	204,074	444,922
Vocational/Adult Education	42,917	225,009
School Food Services	331,308	246,814
Sales Tax	399,106	1,303,795
State Grant	40,480	106,281
Drug Free	58,767	117,648
Other Privately Funded Grants	<u>0</u>	<u>48,263</u>
<b><u>TOTAL</u></b>	<b><u>\$5,329,432</u></b>	<b><u>\$5,329,432</u></b>

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 12 - Interfund Transfers**

During fiscal 1996, the Sales Tax Funds transferred \$178,936 to the School Food Service Fund for sales taxes collected for the payment of salaries. The General Fund transferred \$130,000 to the School Food Service Fund which represented Minimum Foundation Program funds applicable to the School Food Service Fund. Further, the General Fund transferred \$38,406; \$11,930; and \$61,727 to the English Proficiency Fund, the Gifted and Talented Fund and the L.E.A.P. Remediation Fund, respectively, representing state grant funds supporting these programs which were received into the General Fund.

**Note 13 - Risk Financing Activities**

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. During the year ended June 30, 1996, the School Board incurred and paid claims under the worker's compensation plan of approximately \$95,500, net of reimbursements. There were no material claims outstanding at June 30, 1996 or 1995.

**Note 14 - Correction of Errors**

Subsequent to the issuance of the June 30, 1995 financial statements of the School Board, it was discovered that certain errors had occurred in the recording of accounts receivable in the General Fund and the Summer Feeding Special Revenue Fund. The effect of these errors has been reported as an adjustment to beginning fund balance in those funds.

**Note 15 - Litigation and Contingencies**

The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1996**

**Note 15 - Litigation and Contingencies (Continued)**

**Board, not covered by insurance, would not materially affect the School Board's financial position.**

**Pursuant to the Internal Revenue Code of 1986, as amended, excess arbitrage earned on the investment of certain bond proceeds are required to be paid periodically to the United States, except under certain circumstances. The amount of this arbitrage liability cannot currently be estimated and, therefore, the financial statements of the School Board do not reflect any arbitrage liability at June 30, 1996.**

**As previously mentioned in Note 2, the General Fund has a deficit fund balance of approximately \$1,800,000 at June 30, 1996, and the General Fund has experienced recurring operating losses in prior periods. Further, due to a temporary shortage in cash flow, the General Fund has an outstanding advance at June 30, 1996 of \$1,100,000 to the Capital Projects Fund in anticipation of ad valorem tax revenues. This advance is expected to be repaid in January, 1997 as the tax revenue is received. In May, 1996, management of the School Board formulated and implemented a deficit reduction plan beginning with fiscal 1997. The plan calls for over \$1,000,000 in reductions in expenditures, which will help stabilize the financial position of the School Board for fiscal 1997. Further, management of the School Board is currently studying various options to determine how best to address the possible excess of expenditures over revenues in the General Fund for fiscal 1998 and beyond.**

**SUPPLEMENTARY SCHEDULES -**  
**FINANCIAL SCHEDULES OF INDIVIDUAL FUNDS**

## **SPECIAL REVENUE FUNDS**

- A. Title I of the Elementary and Secondary Education Act (ESEA) is a Federally- financed program for meeting the needs of educationally deprived school children residing in areas having high concentrations of children from low-income families. The activities supplement rather than replace state and locally mandated activities.**
- B. Title VI of ESEA is a program by which the Federal government provides funds to the School Board for equipment and other items approved under the grant contract.**
- C. Title II (Eisenhower Professional Development) of ESEA is a Federal program which provides funds for mathematics and science related programs.**
- D. Special Education funds are Federally-financed programs providing free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.**
- E. Vocational and Adult Education funds are used to more fully develop the academic and occupational skills of students to enhance their ability to compete in a technologically advancing workplace.**
- F. School Food Services is used to account for the Revenues and Expenditures incurred, in providing to pupils, breakfast and lunchroom services during the school year and in the Summer Feeding program.**
- G. The Sales Tax Funds account for the collection and distribution of the sales tax levies for the School Board. All of the sales taxes collected under the pre-1994 tax is dedicated to supplement other revenues available to the School Board for the payment of salaries of teachers and other School Board personnel. Of the tax passed by the voters in 1994, seventy percent of the tax collected is dedicated for similar purposes, with the balance dedicated for instructional purposes.**
- H. The State Grant Funds account for Louisiana Department of Education grants for programs such as the Louisiana Writing Project, the Multisensory Arts Program, Opportunity Learning Academy and Gifted/Talented.**
- I. Drug Free Schools funds are used for raising the awareness of students to the dangers of drug abuse and to promote an atmosphere for a drug-free learning environment.**
- J. Other Special Revenue Funds account for the revenues and expenditures associated with grants provided to the School Board by other governmental and nongovernmental entities, including the Corporation for National Community Service, the Foundation for the Mid South, Entergy and BellSouth.**

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1996  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1995**

	Elementary and Secondary Education Act			Special Education Funds	Vocational & Adult Ed Funds
	Title I Funds	Title VI Funds	Title II ESEA Funds		
<b>ASSETS</b>					
Cash	\$ 69,343	\$ 0	\$ 0	\$ 142,144	\$ 1,157
Investments	0	0	0	0	
Accounts Receivable	0	0	0	0	
<b>Due From Other Governments:</b>					
Due From Federal Sources	604,838	74,695	56,515	211,899	201,174
Due From State Sources	0	0	0	0	
Due From Local Sources	0	0	0	0	
<b>Due From Other Funds</b>	<b>804,899</b>	<b>5,464</b>	<b>8,959</b>	<b>204,074</b>	<b>42,917</b>
Inventory	0	0	0	0	
Prepaid Expenditures	0	0	0	0	
<b>TOTAL ASSETS</b>	<b>\$ 1,479,080</b>	<b>\$ 80,159</b>	<b>\$ 65,474</b>	<b>\$ 558,117</b>	<b>\$ 245,248</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 0	\$ 20,271	\$ 0	\$ 21,888	\$ 7,718
Deferred Revenues	0	0	0	0	
Salaries and Wages Payable	648,304	22,262	5,398	91,307	12,521
Due to Other Funds	815,345	37,626	60,076	444,922	225,009
Due to Grantor	15,431	0	0	0	
<b>Total Liabilities</b>	<b>1,479,080</b>	<b>80,159</b>	<b>65,474</b>	<b>558,117</b>	<b>245,248</b>
<b>Fund Equity</b>					
<b>Fund Balances:</b>					
Reserved for Inventory and Prepays	0	0	0	0	
Unreserved-Undesignated	0	0	0	0	0
<b>Total Fund Balances (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,479,080</b>	<b>\$ 80,159</b>	<b>\$ 65,474</b>	<b>\$ 558,117</b>	<b>\$ 245,248</b>

School Food Services Funds	Sales Tax Funds	State Grant Funds	Drug-Free Funds	Other Special Revenue Funds	Total	
					1996	1995
\$ 114,677	\$ 1,961,731	\$ 39,375	\$ 16,862	\$ 6,523	\$ 2,351,812	\$ 1,597,913
0	0	0	0	0	0	0
55,930	627,602	0	0	79,016	762,548	0
0	0	0	55,968	0	1,205,089	1,110,640
0	0	107,981	0	0	107,981	69,269
0	0	0	0	0	0	256,731
331,308	399,106	40,480	58,767	0	1,895,974	255,381
73,307	0	0	0	0	73,307	62,979
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 575,222</u>	<u>\$ 2,988,439</u>	<u>\$ 187,836</u>	<u>\$ 131,597</u>	<u>\$ 85,539</u>	<u>\$ 6,396,711</u>	<u>\$ 3,352,913</u>
\$ 52,876	\$ 20,198	\$ 12,575	\$ 0	\$ 8,344	\$ 143,870	268,313
0	0	0	0	0	0	0
457,299	781,925	68,582	13,949	23,204	2,124,751	1,625,295
246,814	1,303,795	106,281	117,648	48,263	3,405,779	872,131
0	0	0	0	0	15,431	54,398
<u>756,989</u>	<u>2,105,918</u>	<u>187,438</u>	<u>131,597</u>	<u>79,811</u>	<u>5,689,831</u>	<u>2,820,137</u>
0	0	0	0	0	0	62,979
(181,767)	882,521	398	0	5,728	706,880	469,797
(181,767)	882,521	398	0	5,728	706,880	532,776
<u>\$ 575,222</u>	<u>\$ 2,988,439</u>	<u>\$ 187,836</u>	<u>\$ 131,597</u>	<u>\$ 85,539</u>	<u>\$ 6,396,711</u>	<u>\$ 3,352,913</u>

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1996  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1995**

	Elementary and Secondary Education Act			Special Education Funds	Vocational & Adult Ed Funds
	Title I Funds	Title VI Funds	Title II ESEA Funds		
<b>Revenues</b>					
Local Sources:					
Sales & Use Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$
Interest	0	0	0	0	
Other	0	0	0	0	
State Sources:					
Restricted Grants-in-Aid	0	0	0	0	32,607
Federal Sources:					
Restricted Grants-in-Aid Subgrants	3,417,222	83,082	86,180	539,185	305,803
Total Revenues	<u>3,417,222</u>	<u>83,082</u>	<u>86,180</u>	<u>539,185</u>	<u>338,410</u>
<b>Expenditures</b>					
Current:					
Instructional:					
Regular Programs	0	0	0	0	
Special Programs	2,700,800	0	53,958	293,488	327,843
Support Services:					
Student Services	30,905	35,987	0	0	
Instructional Staff	503,002	48,170	30,764	203,637	3,445
General Administration	82,151	(1,075)	1,458	8,025	484
School Administration	0	0	0	0	559
Business Services	0	0	0	626	
Plant Services	98,302	0	0	2,119	6,079
Transportation	2,062	0	0	31,290	
Other Support Services	0	0	0	0	
Capital Outlay	0	0	0	0	
Total Expenditures	<u>3,417,222</u>	<u>83,082</u>	<u>86,180</u>	<u>539,185</u>	<u>338,410</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0	0
Other Financing Sources (Uses)					
Operating Transfers In	0	0	0	0	
Operating Transfers (Out)	0	0	0	0	
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	0	0	0	0	0
Fund Balance at Beginning of Year, as previously reported	0	0	0	0	0
Adjustment for the Correction of an Error	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at Beginning of Year, as Adjusted	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

School Food Services Funds	Sales Tax Funds	State Grant Funds	Drug-Free Funds	Other Special Revenue Funds	Total	
					1996	1995
\$ 0	\$ 8,387,638	\$ 0	\$ 0	\$ 0	\$ 8,387,638	\$ 7,428,884
0	127,444	0	0	0	127,444	84,382
241,936	0	0	0	126,047	367,983	294,341
0	0	279,367	0	0	311,974	231,936
<u>3,445,961</u>	<u>0</u>	<u>0</u>	<u>55,968</u>	<u>64,007</u>	<u>7,997,408</u>	<u>7,871,706</u>
3,687,897	8,515,082	279,367	55,968	190,054	17,192,447	15,911,249
0	5,090,861	0	0	0	5,090,861	4,188,494
0	1,871,704	387,858	0	0	5,635,651	5,122,519
4,216,806	324,073	0	54,365	0	4,662,136	4,451,950
0	77,058	0	0	0	866,076	883,239
0	4,482	76	1,603	0	97,204	43,615
0	420,817	0	0	0	421,376	377,523
0	31,110	0	0	0	31,736	27,654
0	243,556	1,140	0	0	351,196	328,590
0	126,346	1,958	0	0	161,656	153,838
0	46,306	0	0	213,195	259,501	47,421
0	0	0	0	0	0	144,801
4,216,806	8,236,313	391,032	55,968	213,195	17,577,393	15,769,644
(528,909)	278,769	(111,665)	0	(23,141)	(384,946)	141,605
343,535	0	112,063	0	0	455,598	422,754
(34,599)	(178,936)	0	0	0	(213,535)	(185,596)
<u>308,936</u>	<u>(178,936)</u>	<u>112,063</u>	<u>0</u>	<u>0</u>	<u>242,063</u>	<u>237,158</u>
(219,973)	99,833	398	0	(23,141)	(142,883)	378,763
99,982	782,688	0	0	28,869	911,539	532,776
(61,776)	0	0	0	0	(61,776)	0
<u>38,206</u>	<u>782,688</u>	<u>0</u>	<u>0</u>	<u>28,869</u>	<u>849,763</u>	<u>532,776</u>
\$ <u>(181,767)</u>	\$ <u>882,521</u>	\$ <u>398</u>	\$ <u>0</u>	\$ <u>5,728</u>	\$ <u>706,880</u>	\$ <u>911,539</u>

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINING SCHEDULES OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
TITLE I SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 1996**

	95-041-65 (300)	94-020-65 (301)	95-041-65 C/O 96 (302)	94-020-65 C/O (303)	CAPEX 94-95 (304)	96-011-65 (305)	SUPPORT TEAMS	TOTAL
<b>Revenues</b>								
<b>Federal Sources:</b>								
Restricted Grants-in- Aid Subgrants	\$ 5,857	0	\$ 319,455	0	0	\$ 3,082,310	\$ 9,600	\$ 3,417,222
Total Revenue	5,857	0	319,455	0	0	3,082,310	9,600	3,417,222
<b>Expenditures</b>								
<b>Current:</b>								
Instructional								
Special Programs	571	0	319,455			2,380,774		2,700,800
Support Services:								
Student Services	(422)	0				31,327		30,905
Instructional Staff						493,402	9,600	503,002
General Administration	3,716	0				78,435		82,151
Transportation						2,062		2,062
Plant Services	1,992	0				96,310		98,302
Capital Outlay								
Total Expenditures	5,857	0	319,455	0	0	3,082,310	9,600	3,417,222
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	0	0	0	0	0	0
<b>Fund Balance at Beginning of Year</b>								0
<b>FUND BALANCE AT END OF YEAR</b>	\$ 0	0	0	0	0	0	0	\$ 0

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
TITLE VI-ESEA SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1996**

	<u>95-0065-2 (310)</u>	<u>94-0065-2C/O (311)</u>	<u>28-96-0065-6 (314)</u>	<u>28-96-0065-2 C/O (315)</u>	<u>TOTAL</u>
<b>Revenues</b>					
<b>Federal Sources:</b>					
Restricted Grants-in-					
Aid Subgrants	\$ 1,640	1	59,526	25,013	\$ 86,180
Total Revenue	<u>1,640</u>	<u>1</u>	<u>59,526</u>	<u>25,013</u>	<u>86,180</u>
<b>Expenditures</b>					
<b>Instructional</b>					
Special Programs	(56)	1	29,000	25,013	53,958
<b>Support Services:</b>					
Instructional Staff	1,715	0	29,049		30,764
General Administration	(19)	0	1,477		1,458
Total Expenditures	<u>1,640</u>	<u>1</u>	<u>59,526</u>	<u>25,013</u>	<u>86,180</u>
<b>Excess (Deficiency) of</b>					
Revenues Over Expenditures	0	0	0	0	0
<b>Fund Balance at</b>					
Beginning of Year					<u>0</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>

**CITY OF MONROE SCHOOL BOARD**  
**MONROE, LOUISIANA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**TITLE II SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 1996**

	28-95-5065-II (320)	28-94-5065-II C/O (321)	28-96-5065-II (324)	28-95-5065-II C/O (325)	TOTAL
<b>Revenues</b>					
<b>Federal Sources:</b>					
Restricted Grants-in					
Aid Subgrants	\$ 8,532	\$ 531	\$ 58,292	\$ 15,727	\$ 83,082
Total Revenue	8,532	531	58,292	15,727	83,082
<b>Expenditures</b>					
<b>Instructional</b>					
Special Programs					0
<b>Support Services:</b>					0
Student Services			35,987		35,987
Instructional Staff	8,482	525	23,830	15,333	48,170
Plant Services					0
General Administration	50	6	(1,525)	394	(1,075)
Total Expenditures	8,532	531	58,292	15,727	83,082
<b>Excess (Deficiency) of</b>					
<b>Revenues Over Expenditures</b>	0	0	0	0	0
<b>Fund Balance at Beginning of Year</b>					0
<b>FUND BALANCE AT END OF YEAR</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**CITY OF MONROE SCHOOL BOARD**  
**MONROE, LOUISIANA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**SPECIAL EDUCATION SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 1996**

	95-PF-6 (210)	95-FT-6 (211)	95-SCS-65 (214)	95-CPF-65 (215)	EDUCATION (220)	93-PF-65 C/O (221)	95-L313-65 (223)
<b>Revenues</b>							
<b>Federal Sources:</b>							
Restricted Grants-in							
Aid Subgrants	\$ 6,761		\$ 27,524		\$	\$	\$ 5,112
Total Revenues	<u>6,761</u>	<u>0</u>	<u>27,524</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,112</u>
<b>Expenditures</b>							
<b>Current:</b>							
<b>Instructional</b>							
Special Programs	6,695		27,524				5,112
<b>Support Services:</b>							
Instructional Staff							
School Administration							
Business Services							
Plant Services							
Transportation							
General Administration	66						
<b>Capital Outlay</b>							
Total Expenditures	<u>6,761</u>	<u>0</u>	<u>27,524</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,112</u>
<b>Excess (Deficiency) of</b>							
<b>Revenues Over</b>	0	0	0	0	0	0	0
<b>Expenditures</b>							
<b>Fund Balance at</b>							
<b>Beginning of Year</b>	<u>0</u>						
<b>FUND BALANCE AT</b>							
<b>END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (CONTINUED)  
SPECIAL EDUCATION SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1996**

	94-C313-65 (224)	95-SES1-65 (225)	94-CITS-65 (226)	96-ESYP-65 (227)	96-S-65 (228)	96-PF-65 (229)	96-FT-65 (230)	TOTAL
<b>Revenues</b>								
<b>Federal Sources:</b>								
Restricted Grants-in-Aid Subgrants	479	56,121	12,944	51,199	11,800	23,730	343,515	539,185
Total Revenues	479	56,121	12,944	51,199	11,800	23,730	343,515	539,185
<b>Expenditures</b>								
<b>Current:</b>								
<b>Instructional</b>								
Special Programs	467	42,438	12,944	39,068	11,800	24,356	123,084	293,488
<b>Support Services:</b>								
Instructional Staff		1,280		1,152			201,205	203,637
School Administration								0
Business Services							626	626
Plant Services		993		950			176	2,119
Transportation		11,410		10,029			9,851	31,290
General Administration	12					(626)	8,573	8,025
<b>Capital Outlay</b>								0
Total Expenditures	479	56,121	12,944	51,199	11,800	23,730	343,515	539,185
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	0	0	0	0	0	0
<b>Fund Balance at Beginning of Year</b>								0
<b>FUND BALANCE AT END OF YEAR</b>	0	0	0	0	0	0	0	0

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINING SCHEDULES OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
VOCATIONAL/ADULT ED SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDING JUNE 30, 1996**

	JTPA (201)	VOCATIONAL (202)	ADULT EDUCATION (203)	PROJECT READ (204)	28-94-CU-2-B C/O (205)	28-94-CU-2-SE C/O (206)	28-94-CU-3-PR C/O (207)	TOTAL
<b>Revenues</b>								
State Sources:								
Restricted Grants-in-Aid Subgrants			\$ 32,607					\$ 32,607
Federal Sources:								
Restricted Grants-in-Aid Subgrants	49,239	81,755	19,491	1,736	139,182	3,079	11,321	305,803
Total Revenue	49,239	81,755	52,098	1,736	139,182	3,079	11,321	338,410
<b>Expenditures</b>								
Instructional:								
Special Programs	46,218	81,755	44,552	1,736	139,182	3,079	11,321	327,843
Support Services:								
Student Services								0
Instructional Staff			3,445					3,445
General Administration			484					484
Business Services			559					559
Transportation								0
Plant Services	3,021		3,058					6,079
Total Expenditures	49,239	81,755	52,098	1,736	139,182	3,079	11,321	338,410
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	0	0	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0	0	0	0	0
<b>FUND BALANCE AT END OF YEAR</b>	0	0	0	0	0	0	0	0

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
SCHOOL FOOD SERVICES SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1996**

	<u>SCHOOL FOOD SVC. (400)</u>	<u>SUMMER FEEDING (401)</u>	<u>TOTAL</u>
<b>Revenues</b>			
<b>Local Sources:</b>			
School Food Service	\$ 241,936	\$	\$ 241,936
<b>Federal Sources:</b>			
Restricted Grants-in Aid Subgrants	3,329,036	116,925	3,445,961
Total Revenues	<u>3,570,972</u>	<u>116,925</u>	<u>3,687,897</u>
<b>Expenditures</b>			
<b>Support Services:</b>			
Student Services	4,104,789	112,016	4,216,805
General Administration			0
School Administration			0
Plant Services			0
Total Expenditures	<u>4,104,789</u>	<u>112,016</u>	<u>4,216,805</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(533,817)	4,909	(528,908)
<b>Other Financing Sources/(Uses)</b>			
Operating Transfers In	332,086	11,449	343,535
Operating Transfers (Out)	(11,449)	(23,150)	(34,599)
Total Other Financing Sources/(Uses)	<u>320,637</u>	<u>(11,701)</u>	<u>308,936</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures and Other Financing Sources/(Uses)</b>	(213,180)	(6,792)	(219,972)
<b>Fund Balance at Beginning of Year</b>	<u>28,302</u>	<u>9,903</u>	<u>38,205</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ (184,878)</u>	<u>\$ 3,111</u>	<u>\$ (181,767)</u>

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
SALES TAX SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1996**

	<b>12%</b> <b>(110)</b>	<b>88%</b> <b>(111)</b>	<b>NEW</b> <b>(112)</b>	<b>TOTAL</b>
<b>Local Sources:</b>				
Sales and Use Taxes	\$ 398,827	\$ 2,924,733	\$ 5,064,077	\$ 8,387,637
Interest Income	5,491	43,474	78,480	127,445
Total	404,318	2,968,207	5,142,557	8,515,082
<b>Expenditures</b>				
<b>Current:</b>				
<b>Instructional:</b>				
Regular Programs	(8,479)	2,087,699	3,011,641	5,090,861
Special Programs	77,603	603,319	1,190,782	1,871,704
<b>Support Services:</b>				
Student Services	11,034	154,451	158,588	324,073
Instructional Staff	3,619	51,715	21,724	77,058
General Administration	1,075	0	3,407	4,482
School Administration	29,525	125,717	265,575	420,817
Business Services	9,468	1,221	20,421	31,110
Plant Services	108,101	4,300	131,155	243,556
Transportation	62,506	0	63,840	126,346
Other Support Services	6,037	0	40,269	46,306
<b>Capital Outlay</b>	0	0	0	0
Total	300,489	3,028,422	4,907,402	8,236,313
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	103,829	(60,215)	235,155	278,769
<b>Other Financing Sources/(Uses)</b>				
Operating Transfers In				0
Operating Transfers (Out)	(113,936)		(65,000)	(178,936)
Total Other Financing Sources/(Uses)	(113,936)	0	(65,000)	(178,936)
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources/(Uses)</b>	(10,107)	(60,215)	170,155	99,833
<b>Fund Balance at Beginning of Year</b>	62,073	246,350	474,265	782,688
<b>FUND BALANCE AT END OF YEAR</b>	\$ 51,966	\$ 186,135	\$ 644,420	\$ 882,521

**CITY OF MONROE SCHOOL BOARD**  
**MONROE, LOUISIANA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**STATE GRANT SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 1996**

	ENGLISH PROFICIENCY (120)	GIFTED & TALENTED (121)	L.E.A.P. REMEDATION (122)	LA WRITING (150)	EARLY CHILDHOOD (151)	MULTI-ARTS (152)
<b>Revenues</b>						
State Funded						
Restricted Grants-in Aid	0	0	0	5,498	56,895	2,563
Total Revenues	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>\$ 5,498</u>	<u>\$ 56,895</u>	<u>\$ 2,563</u>
<b>Expenditures</b>						
<b>Instructional:</b>						
Special Programs	38,406	11,930	58,749	5,498	56,895	2,563
<b>Support Services:</b>						
Plant Services			1,140			
Transportation			1,838			
General Administration						
Total Expenditures	<u>38,406</u>	<u>11,930</u>	<u>61,727</u>	<u>5,498</u>	<u>56,895</u>	<u>2,563</u>
<b>(Deficiency) of Revenues Over Expenditures</b>	<u>(38,406)</u>	<u>(11,930)</u>	<u>(61,727)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other Financing Sources/(Uses)</b>						
Operating Transfers In	38,406	11,930	61,727			
Operating Transfers (Out)						
Total Other Financing Sources/(Uses)	<u>38,406</u>	<u>11,930</u>	<u>61,727</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures and Other Financing Sources/(Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance at Beginning of Year</b>						
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF MONROE SCHOOL BOARD**  
**MONROE, LOUISIANA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (CONTINUED)**  
**STATE GRANT SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 1996**

	<u>SCHOOLS AT WORK (153)</u>	<u>TEXTBOOKS (154)</u>	<u>O.L.A. (155)</u>	<u>MIDDLE SCHOOL INITIATIVE (156)</u>	<u>MULTI ARTS CHOIR (157)</u>	<u>TRANS- PORTATION GRANT (172)</u>	<u>NLAC (173)</u>
<b>Revenues</b>							
State Funded	\$ 11,940	\$ 36,135	\$ 78,679	\$ 3,851	\$ 1,752	\$ 0	\$ 0
Restricted Grants-in Aid	11,940	36,135	78,679	3,851	1,752	0	0
Total Revenues							
	\$ 11,940	\$ 36,135	\$ 78,679	\$ 3,851	\$ 1,752	\$ 0	\$ 0
<b>Expenditures</b>							
<b>Instructional:</b>							
Special Programs	11,940	36,135	78,559	3,851	1,752		
Support Services:							
Plant Services							
Transportation			120				
General Administration							
Total Expenditures	11,940	36,135	78,679	3,851	1,752	0	0
(Deficiency) of Revenues Over Expenditures	0	0	0	0	0	0	0
<b>Other Financing Sources/(Uses)</b>							
Operating Transfers In							
Operating Transfers (Out)							
Total Other Financing Sources/(Uses)	0	0	0	0	0	0	0
Excess/(Deficiency) of Revenues Over Expenditures and Other Financing Sources/(Uses)	0	0	0	0	0	0	0
Fund Balance at Beginning of Year							
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF MONROE SCHOOL BOARD**  
**MONROE, LOUISIANA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (CONTINUED)**  
**STATE GRANT SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 1996**

	<u>HEARING IMPAIRED (132)</u>	<u>W. A. P. (133)</u>	<u>INTERNET WORKSHOP (134)</u>	<u>ESP-2 (158)</u>	<u>ACCELERATED SCHOOLS (174)</u>	<u>MINI GRANTS (175)</u>	<u>TOTAL</u>
<b>Revenues</b>							
State Funded							
Restricted Grants-in Aid	\$ 9,537	\$ 3,900	\$ 2,953	\$ 54,920	\$ 2,576	\$ 8,168	\$ 279,367
Total Revenues	<u>9,537</u>	<u>3,900</u>	<u>2,953</u>	<u>54,920</u>	<u>2,576</u>	<u>8,168</u>	<u>279,367</u>
<b>Expenditures</b>							
<b>Instructional:</b>							
Special Programs	9,537	3,900	2,479	54,920	2,576	8,168	387,858
Support Services:							
Plant Services							1,140
Transportation							1,958
General Administration							0
Total Expenditures	<u>9,537</u>	<u>3,900</u>	<u>2,479</u>	<u>54,920</u>	<u>2,576</u>	<u>8,168</u>	<u>390,956</u>
(Deficiency) of Revenues Over Expenditures	0	0	474	0	0	0	(111,589)
<b>Other Financing Sources/(Uses)</b>							
Operating Transfers In							112,063
Operating Transfers (Out)							(76)
Total Other Financing Sources/(Uses)	<u>0</u>	<u>0</u>	<u>(76)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>111,987</u>
Excess/(Deficiency) of Revenues Over Expenditures and Other Financing Sources/(Uses)	0	0	398	0	0	0	398
Fund Balance at Beginning of Year							<u>0</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 398</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 398</u>

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
DRUG FREE SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1996**

	<u>Drug Free (330)</u>	<u>Drug Free C/O 93-94 (331)</u>	<u>Drug Free 93-94 (332)</u>	<u>TOTAL</u>
<b>Federal</b>				
Restricted Grants-in				
Aid Subgrants	\$ 55,968	\$ 0	\$ 0	\$ 55,968
Total	<u>55,968</u>	<u>0</u>	<u>0</u>	<u>55,968</u>
<b>Expenditures</b>				
<b>Instructional:</b>				
Special Programs				0
<b>Support Services:</b>				
Student Services	54,365			54,365
Business Services				0
Transportation				0
General Administration	<u>1,603</u>			<u>1,603</u>
Total	<u>55,968</u>	<u>0</u>	<u>0</u>	<u>55,968</u>
<b>Excess (Deficiency) of Revenues</b>				
Over Expenditures	0	0	0	0
<b>Fund Balance at</b>				
Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE AT</b>				
<b>END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
OTHER SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1996**

	MID-SOUTH (130)	MID-SOUTH 94-95 (131)	STARTING POINT (340)	CHALLENGE GRANT (341)	TOTAL
<b>Revenues</b>					
<b>Local Sources:</b>					
Grant from Private Foundation	\$	43,790	\$	82,257	\$ 126,047
<b>Federal Sources:</b>					
Restricted Grants-In-Aid Subgrants			64,007		64,007
<b>Total Revenues</b>	0	43,790	64,007	82,257	190,054
<b>Expenditures</b>					
<b>Current:</b>					
<b>Support Services:</b>					
Other Support	455	66,476	64,007	82,257	213,195
<b>Capital Outlay</b>					0
<b>Total Expenditures</b>	455	66,476	64,007	82,257	213,195
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(455)	(22,686)	0	0	(23,141)
<b>Fund Balance at Beginning of Year</b>	663	28,206	0	0	28,869
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 208</u>	<u>\$ 5,520</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,728</u>

## **FIDUCIARY FUNDS**

### **School Activities Fund**

**The School Activities Fund accounts for all individual school activity funds. While these funds are under supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.**

### **Deferred Compensation Plan Fund**

**The Deferred Compensation Plan Fund is used to account for participant contributions to and investment earnings from the Section 457 Deferred Compensation Plan adopted by the School Board in fiscal 1996.**

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUND TYPE - AGENCY FUNDS  
SCHOOL ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 1996**

	<u>Balance July 1, 1995</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1996</u>
<b>ASSETS</b>				
Cash	\$ 172,901	\$ 1,591,437	\$ (1,558,025)	\$ 206,313
Certificates of Deposit	<u>96,879</u>	<u>0</u>	<u>(59,097)</u>	<u>37,782</u>
<b>TOTAL ASSETS</b>	<u>\$ 269,780</u>	<u>\$ 1,591,437</u>	<u>\$ (1,617,122)</u>	<u>\$ 244,095</u>
<b>LIABILITIES</b>				
Amounts Held for Other Organizations	<u>\$ 269,780</u>	<u>\$ 1,591,437</u>	<u>\$ (1,617,122)</u>	<u>\$ 244,095</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 269,780</u>	<u>\$ 1,591,437</u>	<u>\$ (1,617,122)</u>	<u>\$ 244,095</u>

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUND TYPE - AGENCY FUNDS  
DEFERRED COMPENSATION PLAN FUND  
FOR THE YEAR ENDED JUNE 30, 1996**

	<u>Balance July 1, 1995</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1996</u>
<b>ASSETS</b>				
<b>Deferred Compensation Investments</b>	\$ <u>0</u>	\$ <u>47,114</u>	\$ _____	\$ <u>47,114</u>
<b>TOTAL ASSETS</b>	\$ <u>0</u>	\$ <u>47,114</u>	\$ <u>0</u>	\$ <u>47,114</u>
<b>LIABILITIES</b>				
<b>Deferred Compensation Liability</b>	\$ <u>0</u>	\$ <u>47,114</u>	\$ _____	\$ <u>47,114</u>
<b>TOTAL LIABILITIES</b>	\$ <u>0</u>	\$ <u>47,114</u>	\$ <u>0</u>	\$ <u>47,114</u>

**SUPPLEMENTARY INFORMATION -**  
**GRANT ACTIVITY**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**City of Monroe School Board  
Monroe, Louisiana**

We have audited the general purpose financial statements of **City of Monroe School Board** (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the School Board is responsible for establishing and maintaining an *internal control structure*. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the School Board for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they had been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

**Recording of Retainage**

**Finding:**

In performing our tests of capital expenditures from the Capital Projects Fund regarding the ongoing capital improvement plan, we determined that retainage amounting to \$527,000 on invoices awaiting payment had not been recorded. This understates the liability due to contractors at June 30, 1996 as well as understates the amount of capital expenditures made during the year ended June 30, 1996.

**Recommendation:**

Generally accepted accounting principles as applied to units of government require that all liabilities of governmental fund types expected to be satisfied with available financial resources be recorded as a liability in the fund. This is to fairly state the reported amounts of assets, liabilities, fund equity, revenues and expenditures. We recommend that the School Board book retainage payable and the related expenditure contemporaneously with the recording of the contractors' request for payment to provide an accurate picture at any point in time of the progress of capital projects.

**Response:**

We will book retainage payable and the related expenditure at the time of recording the contractor's request for payment.

\* \* \* \* \*

**A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to an acceptably low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.**

**Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above to be a material weaknesses. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of the School Board for the year ended June 30, 1996.**

**We also noted other matters involving the internal control structure and its operation that we have reported to the management of the School Board in a separate letter dated December 6, 1996.**

**This report is intended for the management of the School Board, its cognizant audit agency, other agencies granting funds to the School Board and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.**

A handwritten signature in cursive script, appearing to read "Ruffin Hoffman". The signature is written in black ink and is positioned above the typed name and date.

**Monroe, Louisiana  
December 6, 1996**

**LUFFEY, HUFFMAN & MONROE**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**City of Monroe School Board  
Monroe, Louisiana**

We have audited the general purpose financial statements of **City of Monroe School Board** (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the School Board is the responsibility of the School Board's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the School Board's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts or grants, that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of our tests of compliance disclosed the following material instances of noncompliance:

1. **Compliance with Louisiana Local Budget Act**

**Finding:**

In our review of the final revised budgets adopted by the School Board, it was determined the School Board had adopted a final revised budget for the General Fund (excluding certain Special Revenue funds included in the General Fund budget for purposes of

compliance with the State Department of Education (SDE) budget reporting practices) with a deficit position. Although the amended consolidated General Fund budget was in compliance with SDE policy as regards form and content, it does not appear that the final revised budget as adopted is in compliance with the provisions of the Louisiana Local Budget Act, as it prohibits the adoption and/or subsequent revision of budgets in which proposed expenditures exceed the total of estimated funds available.

**Recommendation:**

We recommend the School Board legally adopt a consolidated General Fund budget (and subsequent revisions thereto) which will bring the School Board into compliance with the Louisiana Local Budget Act as to the sufficiency of estimated funds available to cover estimated expenditures.

**Response:**

The School Board is acutely aware of its deficit General Fund position brought about primarily from decreased state revenue and increased mandated costs. The School Board has implemented a deficit reduction plan which should help move us towards compliance, and in fact has adopted an original General Fund budget which shows revenues in excess of expenditures of over \$160,000.

**2. Compliance with Restrictions on Use of Bond Proceeds**

**Finding:**

In our review of interfund transactions, we noted that the General Fund had been advanced over \$5,500,000 by the Capital Projects Fund during the course of the year ended June 30, 1996. Due to various transactions between these two funds, the General Fund had repaid approximately \$4,400,000 of these advances to leave a balance owed to the Capital Projects Fund of \$1,100,000 as of June 30, 1996. Proposition A, which was approved by the voters in March, 1994 and provided the authority to issue the bonds used to fund the capital improvements in the district, restricts the use of proceeds of the bonds for acquisition and construction of capital assets in the district, specifically for those school projects set forth in the capital improvement program adopted by the School Board in January, 1994. Review of the provisions of the capital improvement program and Proposition A do not authorize the advancing of the proceeds of the bond issue to other funds for cash flow purposes.

**Recommendation:**

**We understand that the School Board's intent is to repay the outstanding advance to the Capital Projects Fund, with interest, from the proceeds of ad valorem taxes to be collected in January, 1997. We recommend that in the event cash flow borrowings are required in the future that the School Board make arrangements with the state Bond Commission for a standby letter of credit. This will further demonstrate the School Board's stewardship over the restricted funds from the bond issue proceeds.**

**Response:**

**In discussion with our bond counsel we have found such cash flow advances to be a common procedure throughout the state. As expressed above, the advances will be repaid with interest from the proceeds from our first operations ad valorem taxes. In addition, a conservative approach would recommend that we borrow through procedures established by the State Bond Commission. Any future borrowings will utilize this approach.**

**\* \* \* \* \***

**We considered these instances of noncompliance in forming our opinion on whether the School Board's June 30, 1996, general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated December 6, 1996, on those general purpose financial statements.**

**We also noted other matters involving the internal control structure and its operation that we have reported to the management of the School Board in a separate letter dated December 6, 1996.**

**This report is intended for the management of the School Board, its cognizant audit agency, other agencies granting funds to the School Board and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.**



**Monroe, Louisiana  
December 6, 1996**

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**INDEPENDENT AUDITORS' REPORT ON  
THE INTERNAL CONTROL STRUCTURE USED  
IN ADMINISTERING FEDERAL FINANCIAL  
ASSISTANCE PROGRAMS**

**City of Monroe School Board  
Monroe, Louisiana**

We have audited the general purpose financial statements of City of Monroe School Board (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 6, 1996. We have also audited the School Board's compliance with requirements applicable to major Federal financial assistance programs and have issued our report thereon dated December 6, 1996.

We conducted our audits in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and whether the School Board complied with laws and regulations, noncompliance with which would be material to a major Federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1996, we considered the School Board's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the School Board's general purpose financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to Federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated December 6, 1996.

The management of the School Board is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that Federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering Federal financial assistance programs in the following categories:

- | <b>General Requirements</b>       | <b>Specific Requirements</b>               |
|-----------------------------------|--|
| * Political activity              | * Types of services allowed or not allowed |
| * Civil rights                    | * Eligibility                              |
| * Cash management                 | * Matching, level of effort or earmarking  |
| * Federal financial reports       | * Special reports                          |
| * Allowable costs/cost principles | * Special tests and provisions             |
| * Drug-free Workplace Act         | * Claims for advances and reimbursement    |
| * Administrative requirements     |  |

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the School Board expended 90.4% of its total Federal financial assistance under major Federal financial assistance programs.

We performed tests of controls as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements and general requirements that are applicable to each of the School Board's major Federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope

*than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.*

**Our consideration of the internal control structure policies and procedures used in administering Federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a Federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as described above.**

**However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the School Board in a separate letter dated December 6, 1996.**

**This report is intended for the management of the School Board, its cognizant audit agency, other agencies granting funds to the School Board and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.**



**Monroe, Louisiana  
December 6, 1996**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

**City of Monroe School Board  
Monroe, Louisiana**

We have audited the general purpose financial statements of **City of Monroe School Board** (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 6, 1996.

We have also audited the School Board's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions required by the *Compliance Supplement for Single Audits of State and Local Governments*; and claims for advances and reimbursements that are applicable to each of its major Federal financial assistance programs, which are identified in the accompanying *Schedule of Federal Financial Assistance*, for the year ended June 30, 1996. The management of the School Board is responsible for the School Board's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In our opinion, the School Board complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or

**City of Monroe School Board  
Monroe, Louisiana  
Page 2**

earmarking; special reports; special tests and provisions required by the *Compliance Supplement for Single Audits of State and Local Governments*; and claims for advances and reimbursements that are applicable to each of its major Federal financial assistance programs for the year ended June 30, 1996.

This report is intended for the information of management of the School Board, its cognizant audit agency, other agencies granting funds to the School Board and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Jeffrey Huffman" followed by a flourish.

**Monroe, Louisiana  
December 6, 1996**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

**City of Monroe School Board  
Monroe, Louisiana**

We have audited the general purpose financial statements of **City of Monroe School Board** (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 6, 1996.

In connection with our audit of the June 30, 1996 general purpose financial statements of the School Board and with our consideration of the School Board's internal control structure used to administer Federal financial assistance programs as required by Office of Management and Budget (OMB) Circular A-128, "*Audits of State and Local Governments*", we selected certain transactions applicable to certain nonmajor Federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the School Board's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe the School Board had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the management of the School Board, its cognizant audit agency, other agencies granting funds to the School Board and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.

  
Monroe, Louisiana  
December 6, 1996

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
THE GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

**City of Monroe School Board  
Monroe, Louisiana**

We have audited the general purpose financial statements of **City of Monroe School Board** (the School Board), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 6, 1996.

We have also applied procedures to test the School Board's compliance with the following requirements applicable to its Federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996: political activity, civil rights, cash management, Federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the School Board's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the School Board had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the management of the School Board, its cognizant audit agency, other agencies granting funds to the School Board and the Legislative Auditor of the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Monroe, Louisiana  
December 6, 1996

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 1996**

<u>Federal Grants/Pass-Through Grantor/Program Title</u>	<u>C.F.D.A. Number</u>	<u>Federal Assistance I.D. Number</u>	<u>Federal Award Amount</u>	<u>Revenue Recognized</u>	<u>Current Year Expenditures</u>
<b>U.S. Department of Education:</b>					
<b>Direct Programs:</b>					
School Assistance					
in Federally					
Affected Areas	84.041	28-LA-96-E-2701	\$ 78,482	\$ 78,482	\$ 78,482
R.O.T.C.	N/A	Not Available	74,267	74,267	74,267
Total Direct Programs			<u>152,749</u>	<u>152,749</u>	<u>152,749</u>
<b>Pass Through Programs:</b>					
<b>Louisiana Department of Education:</b>					
Title I of ESEA-					
Educationally Deprived Children					
- Local Educational Agencies					
1996 Regular	84.010	96-011-65	3,666,484	3,082,310	3,082,310
1996 Capital Expense Grant	84.010	Not Available	9,600	9,600	9,600
1995 Carryover	84.010	95-041-65 C/O	3,464,395	325,312	325,312
Total Title I			<u>7,140,479</u>	<u>3,417,222</u>	<u>3,417,222</u> *
<b>Special Education - Individuals With Disabilities Education Act (IDEA) Part B, Sections 611-620</b>					
<b>Preschool and School Programs:</b>					
1996 Regular	84.027	96-SESI-65	57,700	56,121	56,121
1996 Regular	84.027	96-SCS-65	27,524	27,524	27,524
1996 Regular	84.027	96-ESYP-65	55,819	51,199	51,199
1996 Regular	84.027	96-FT-65	343,515	343,515	343,515
1995 Carryover	84.027	95-CIT5-65	29,000	12,944	12,944
1995 Carryover	84.027	95-PF-65	6,761	6,761	6,761
1995 Carryover	84.027	95-L313	12,662	5,112	5,112
1994 Carryover	84.027	94-C313	9,399	479	479
Subtotal			<u>542,380</u>	<u>503,655</u>	<u>503,655</u> *

(Continued)

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 1996**

<u>Federal Grants/Pass-Through Grantor/Program Title</u>	<u>C.F.D.A. Number</u>	<u>Federal Assistance I.D. Number</u>	<u>Federal Award Amount</u>	<u>Revenue Recognized</u>	<u>Current Year Expenditures</u>
<b>Pass-Through Programs:</b>					
<b>Louisiana Department of Education: (Continued)</b>					
Special Education - Individuals With Disabilities Education Act (IDEA) Part B, Sections 611-620 Preschool and School Programs:					
1996 Regular	84.181	Not Available	11,911	11,800	11,800
1995 Regular	84.173	96-PF-65	36,708	23,730	23,730
Total Special Education			590,999	539,185	539,185
Vocational Education					
Basic State Grants					
1996 Regular	84.048	28-96-CU-2B	156,547	139,182	139,182
1995 Carryover	84.048	28-95-CU-2B/BG	146,135	81,755	81,755
1994 Carryover	84.048	28-94-CU-2PB C/O	11,321	11,321	11,321
1994 Carryover	84.048	28-94-CU-2SE C/O	7,956	3,079	3,079
Project Read	84.048	Not Available	64,141	1,736	1,736
Total Vocational Education			386,100	237,073	237,073
Title II of ESEA-					
Federal, State and Local Partnership Educational Improvement					
1996 Regular	84.151	28-96-0065-6	72,423	59,526	59,526
1995 Carryover	84.151	28-95-0065-2	76,692	26,653	26,653
1994 Carryover	84.151	28-94-0065-2	9,804	1	1
Total ESEA Title II			158,919	86,180	86,180
Title II of ESEA-					
Eisenhower Mathematics And Science Education					
1996 Regular	84.168	28-96-5065-II	65,992	58,292	58,292
1995 Carryover	84.168	28-95-5065-II	81,779	24,259	24,259
1994 Carryover	84.168	28-94-5065-II	60,554	531	531
Total ESEA Title II			208,325	83,082	83,082
Drug-Free Schools and Communities Act					
1996 Regular	84.186	28-96-7065D	56,401	55,968	55,968
Total Drug-Free			56,401	55,968	55,968

(Continued)

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 1996**

<u>Federal Grants/Pass-Through Grantor/Program Title</u>	<u>C.F.D.A. Number</u>	<u>Federal Assistance I.D. Number</u>	<u>Federal Award Amount</u>	<u>Revenue Recognized</u>	<u>Current Year Expenditures</u>
<b>Pass-Through Programs:</b>					
<b>Louisiana Department of Education: (Continued)</b>					
<i>Adult Education - State - Administered</i>					
Basic Grant	84.002	Not Available	<u>19,491</u>	<u>19,491</u>	<u>19,491</u>
Total U.S. Department of Education			8,560,714	4,438,201	4,438,201
<b>U.S. Department of Agriculture:</b>					
<b>Pass-Through Programs:</b>					
<b>Louisiana Department of Education:</b>					
<i>National School</i>					
Lunch Sec II	10.555	Not Available	3,329,036	3,329,036	3,329,036
Summer Food Special	10.559	Not Available	<u>197,418</u>	<u>116,925</u>	<u>116,925</u>
Total U.S. Department of Agriculture			3,526,454	3,445,961	3,445,961 *
<b>U.S. Department of Labor:</b>					
<b>Pass-Through Programs:</b>					
<i>Ouachita Parish Police Jury: Job Training Partnership Act:</i>					
Title II-B Summer Youth	17.250	Not Available	<u>49,239</u>	<u>49,239</u>	<u>49,239</u>
Total U.S. Department of Labor			49,239	49,239	49,239
<b>Corporation for National and Community Service</b>					
<b>Pass-Through Programs:</b>					
<i>Louisiana Department of Education</i>					
Starting Point Grant	94.575	Not Available	<u>64,007</u>	<u>64,007</u>	<u>64,007</u>
			64,007	64,007	64,007
<b>GRAND TOTAL</b>				<b>\$ 8,150,157</b>	<b>\$ 8,150,157</b>

\* Denotes Major Program

See Notes to Schedule of Federal Financial Assistance

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
NOTES TO SCHEDULE OF FEDERAL  
FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 1996**

**A. General**

The preceding Schedule of Federal Financial Assistance presents the activity of all Federal financial assistance programs of the City of Monroe School Board (the School Board). The School Board reporting entity is defined in Note 1 to the School Board's general purpose financial statements. All Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through other government agencies is included on the schedule.

**B. Basis of Accounting**

The Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's general-purpose financial statements.

**C. Reconciliation to Individual Fund Financial Statements**

For purposes of presenting Combined and Combining Schedules of Revenues, Expenditures and Changes in Fund Balance for the Special Revenue funds, revenues and expenditures in the Vocational and Adult Ed Fund include the following programs:

Vocational Education	\$237,073
Adult Education	19,491
Job Training Partnership Act	<u>49,239</u>
Total Vocational/Adult Ed	<u>\$305,803</u>

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
STATUS OF PRIOR YEAR FINDINGS**

The following is a summary of the status of the material prior year findings included in Luffey, Huffman & Monroe's reports on internal controls and compliance dated November 25, 1995 covering our examination of the financial statements of the Monroe City School Board as of and for the year ended June 30, 1995:

**Internal Control**

**Finding:**

Controls over Student Activity Funds were not adequate to ensure completeness of all transactions and certain schools were in deficit positions.

**Status:**

Cleared in fiscal 1996.

**Finding:**

Time and attendance records at certain schools were not being maintained in accordance with School Board policy.

**Status:**

Cleared in fiscal 1996.

**Finding:**

Two financial institutions holding deposits of the School Board had insufficient collateral pledged to secure the amount on deposit in excess of Federal Deposit Insurance Corporation coverage.

**Status:**

Cleared in fiscal 1996.

**Compliance**

**Finding:**

Noncompliance with Louisiana Budget Act.

**Status:**

Repeat finding in fiscal 1996.

**Finding:**

General fixed asset records were inadequate.

**Status:**

Cleared in fiscal 1996.

**OTHER SUPPLEMENTARY DATA**

***This section contains information that is presented as additional analytical data.***

**CITY OF MONROE SCHOOL BOARD  
MONROE, LOUISIANA  
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 1996**

	<u>District</u>	<u>Compensation</u>
Victoria Dayton	1	\$ 9,600
Tony Cain	2	9,600
Nerissa Bryant	3	9,600
Jessie Handy	4	9,600
Curtis Armand	5	9,600
Harold McCoy, President	6	10,800
Prentiss Love	7	<u>9,600</u>
		<u>\$ 68,400</u>

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**To the School Board  
Monroe City School System**

In planning and performing our audit of the general purpose financial statements of the **Monroe City School Board** (the School Board) as of and for the year ended June 30, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 6, 1996 on the general purpose financial statements of the School Board.

**Time and Attendance Records -**

In performing our tests of controls over payroll processing, we selected 19 of the School Board's approximately 1,100 employees for detail testing. One of our detail procedures was to trace the employee to the sign-in or time sheets maintained at the schools. Our sample covered employees at 13 of the 21 facilities in the school district. Of the 13 facilities tested, one school could not locate its attendance records. Although improved from the year ended June 30, 1995, there still appears to be some confusion as to record retention policies and standardized time and attendance reporting at the school level.

We recommend continued followup by the Business Department regarding the school's understanding and implementation of the school system's Fiscal Guidelines and Procedures policy Payroll-002, originally issued in October, 1994. This will provide consistency throughout the school system in time and attendance reporting and, for employees charges to Federal programs, ensure appropriate supporting documentation for payroll expenditures is readily available.

**Student Activity Funds -**

In our audit of the June 30, 1995 financial statements of the School Board, we noted that there was a lack of control and uniform procedures covering accounting and reporting by the individual school of their school activity funds. One result of these

**Student Activity Funds (Continued) -**

deficiencies was that the General Fund had to cover deficits in certain schools activity funds during fiscal 1996. We noted the controls over the student activities funds to be much improved during our audit for the year ended June 30, 1996; however, there is still an opportunity for improvement in accounting for and reporting these funds.

We recommend the Business Office continue to move forward with its plan to fully standardize policies covering accounting procedures and software during fiscal 1997 to enhance the stewardship over these funds by the designated administrator at the school level.

We have already discussed these comments and suggestions with various School Board personnel, and we will be pleased to discuss them in further detail at your convenience.

A handwritten signature in cursive script, appearing to read "Duffey, Huffman & McNamee".

**Monroe, Louisiana**

**December 6, 1996**